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NEWS RELEASE

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Cosmetics Company Officials Charged with Criminal Securities Fraud

Officers are charged with abuse of vulnerable adult, three counts of securities fraud . . .

SALT LAKE CITY, Utah – The Utah Attorney General today filed felony criminal charges against three former officers of City Lips Cosmetics for their role in fraudulently taking money from investors for use by the company. The officers are Jory C. Allen, 31, of Salt Lake City, Frank J. Gillen, 36, of Del Mar, California, and Chad D. Wright, 35, of Sandy. Allen was Chief Operating Officer of City Lips, Gillen was the Finance Director, and Wright served as the registered agent.

City Lips was a Salt Lake City-based cosmetics company that claimed to have a lip-plumping treatment different than any other on the market. The company also claimed ingredients in its products were clinically proven to work and that only City Lips had those ingredients. The criminal charges allege that in 2004 and early 2005, Allen, Gillen, and Wright solicited \$454,000 from three investors to build the company's sales and to take the company public.

The state alleges that investors were told City Lips was doing very well and needed capital to launch new products in conjunction with other, well-known cosmetics companies. Investors were given notes that promised 3% return per month and were told their investments would be secured by inventory. Investors were not told about the risks of the investment, did not receive financial statements, and were not told about the expertise of company management in the cosmetics business.

According to the pleadings, the investors received a few interest payments, but none were repaid the monies they invested. The three counts of second degree securities fraud relate to the misrepresentations made to the three investors and the failures to disclose relevant information. One count of abuse of a vulnerable adult is based on taking \$200,000 from one pair of investors who were over the age of 65 and using deception or intimidation to obtain those funds. Because of the losses, that couple had to sell their home.

Note: Defendants are presumed innocent until proven guilty at trial or after entry of a guilty plea.